

Message Text

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PAGE 01 BOGOTA 00364 131646Z

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGRE-00 COME-00 STR-04

TRSE-00 ITC-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 AF-08

NEA-10 EA-09 IO-13 OMB-01 CIEP-02 /134 W

-----131729Z 031768 /41

R 131316Z JAN 77

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9287

INFO AMEMBASSY LONDON 285

AMEMBASSY BRASILIA

UNCLAS BOGOTA 0364

E.O. 11652: N/A

TAGS: ETRD, CO, BR, EPAD

SUBJ: COFFEE FEDERATION AND IMPORTANT POLITICIANS SUPPORT
EFFORTS TO STABILIZE COFFEE PRICES

REF: BOGOTA 265

1. THE NATIONAL COMMITTEE OF THE COLOMBIAN COFFEE FEDERATION MET YESTERDAY TO CONSIDER A NUMBER OF FACTORS, INCLUDING THE EXCHANGE OF TELEGRAMS BETWEEN THE PRESIDENTS OF COLOMBIA AND BRAZIL. THE FEDERATION GAVE FULL SUPPORT TO EFFORTS COLOMBIA AND BRAZIL MIGHT MAKE TO STABILIZE COFFEE PRICES. THEY ALSO AGREED TO MAINTAIN THE INTERNAL PRICE OF COFFEE FIXED AT ITS CURRENT LEVEL AND TO ALLOCATE THEIR OWN EARNINGS SO THAT SOME 4.2 BILLION PESOS COULD BE TAKEN OUT OF THE ECONOMY DURING THE FIRST SIX MONTHS OF 1977.

2. IN THE MEANTIME, THE PAPERS HAVE GIVEN EXTENSIVE COVERAGE TO COFFEE, COFFEE PRICES, AND THE BOYCOTT. EXPRESIDENT CARLOS LLERAS, IN AN EXTENSIVE ANALYSIS OF THE COFFEE SITUATION PUBLISHED IN HIS WEEKLY MAGAZINE AND PICKED UP BY THE MAJOR DAILIES, SUGGESTED THAT THE U.S. GOVERNMENT SHOULD TAKE SOME INITIATIVES
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PAGE 02 BOGOTA 00364 131646Z

IN INFORMING AMERICAN CONSUMERS WHY COFFEE PRICES WERE HIGH, THEREBY DEFLATING THE CAMPAIGN THAT WAS BECOMING "UNFRIENDLY". HE SAID IT WAS A SPECTACLE TO SEE THE RICHEST CONSUMERS IN THE WORLD FURIOUSLY DEFENDING THEIR EXTREMELY HIGH STANDARDS OF LIVING WITHOUT REGARD FOR THE POOR COUNTRIES. HE DRAGGED OUT, AS HE DOES FROM TIME TO TIME, THE NORTH-SOUTH TERMS OF TRADE ARGUMENT.

3. THE FORMER MAYOR OF BOGOTA, WHO IS PRESENTING A COFFEE EXECUTIVE, ALFONSO PALACIO RUDAS, IN A RADIO INTERVIEW PICKED UP BY A MAJOR DAILY, SAID THAT IF THE U.S. DECIDED TO INTERVENE OR SUPPORT THE BOYCOTT IT WOULD BE IN VIOLATION OF ARTICLE 47 OF THE COFFEE AGREEMENT. HE SUPPORTED TAKING THE PROBLEM TO THE COFFEE COUNCIL IN LONDON, SAYING THAT THIS WAS AN OPPORTUNITY TO GIVE A NEW TWIST TO THE COFFEE AGREEMENT WHICH IN THE PAST HAS BEEN USEFUL ONLY FOR MANAGING OVER PRODUCTION BUT NOW WAS SUFFICIENTLY FLEXIBLE TO HELP WITH THE PRESENT PROBLEMS OF SHORTAGES.

4. COMMENT: JUST A FEW WEEKS AGO MOST COMMENTATORS HERE WERE DECRYING HIGH COFFEE PRICES FOR THEIR INFLATIONARY IMPACT ON COLOMBIA AND FOR THE DECREASE IN CONSUMPTION AND INCREASE IN PRODUCTION THAT THEY WOULD PROBABLY CAUSE. THE BOYCOTT HOWEVER HAS STIMULATED A UNIFORM NATIONALISTIC REACTION LEADING THE SAME COMMENTATORS TO DEFEND THE HIGH PRICES AS JUST LEVELS FOLLOWING YEARS OF DETERIORATING TERMS OF TRADE.
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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